

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION
ID #2367
RESOLUTION E-3836
July 10, 2003

R E S O L U T I O N

Resolution E-3817. Sierra Pacific Power Company (Sierra) submits tariff revisions to reinstate an Energy Cost Adjustment Clause (ECAC) "Offset" Balancing Account Mechanism. Denied without prejudice.

By Advice Letter 294-E Filed on January 8, 2003 and AL 294-E-A filed on February 6, 2003

SUMMARY

This Resolution denies without prejudice Sierra's proposed tariff revisions to reinstate an Energy Cost Adjustment Clause (ECAC) "Offset" Balancing Account Mechanism. This mechanism had been suspended since June 1, 1996, pursuant to Decision (D.) 96-05-059. Revising the ECAC policy via advice letter process raises procedural concerns; this issue shall be resolved in Sierra's GRC.

BACKGROUND

Prior to June 1, 1996, the Commission authorized Sierra to use a balancing account to track fuel and purchased power costs.

Pursuant to D.96-05-059 in Application (A.) 94-08-043 which addressed the proposed merger between Sierra and Washington Water and Power, the balancing account rates were set to zero, effectively terminating the ECAC mechanism.

Sierra filed advice letter (AL) 294-E on January 8, 2003 requesting authority to reinstate its ECAC mechanism. On February 6, Sierra filed supplemental AL 294-E-A to make two changes: 1) to add language stating that the offset rates contained in the ECAC section are subject to a final decision in Phase II of A.01-06-041, Sierra's pending general rate case (GRC); and 2) to add language

specifying that all of Sierra's rate stabilization revenues will be included in the ECAC calculations.

NOTICE

Notice of Advice Letter 294-E was made by publication in the Commission's Daily Calendar. Sierra Pacific states that a copy of the Advice Letter was mailed and distributed in accordance with Section III-G of General Order 96-A.

PROTESTS

Sierra's AL 294-E was not protested.

DISCUSSION

In Sierra's GRC , the Commission shall determine the treatment of Sierra's fuel costs, and the reasonableness of an ECAC mechanism. Sierra's ECAC was suspended in a formal Commission proceeding; reinstatement should only be done through a similar formal process. The advice letter process is not an appropriate procedural mechanism to reinstate Sierra's ECAC.

As these issues will be resolved in Sierra's GRC, this Resolution denies Sierra's request without prejudice.

COMMENTS

Public Utilities Code (PU) section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. The draft resolution was mailed to parties for comment pursuant to PU Code section 311(g)(1) on June 10, 2003. Comments were filed by ____ on ____.

FINDINGS

1. On January 8, 2003 Sierra filed AL 294-E proposing to reinstate the ECAC mechanism. Sierra filed supplemental Al 294-E-A on February 6.
2. No protests were received.

3. The Commission shall address Sierra's proposal to reinstate the ECAC mechanism in its GRC A.01-06-043.
4. The Commission should not reinstate Sierra's ECAC through an advice letter process.

THEREFORE IT IS ORDERED THAT:

1. Sierra Pacific Power Company Advice Letter 294-E requesting Commission authorization for proposed tariff revisions to implement an Energy Cost Adjustment Clause (ECAC) "Offset" Balancing Account Mechanism is denied without prejudice.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on July 10, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 10, 2003

Commission Meeting Date: July 10, 2003

TO: PARTIES TO SIERRA PACIFIC POWER COMPANY
ADVICE LETTER 294-E/-E-A

Enclosed is draft Resolution E-3836 of the Energy Division. It will be on the agenda at the Commission's July 10, 2003 meeting. The Commission may then vote on this Resolution or it may postpone a vote until later.

When the Commission votes on a draft Resolution, it may adopt all or part of it as written, amend, modify or set it aside and prepare a different Resolution. Only when the Commission acts does the Resolution become binding on the parties.

Parties may submit comments on the draft Resolution.

An original and two copies of the comments, with a certificate of service, should be submitted to:

Jerry Royer
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
jjr@cpuc.ca.gov

An electronic copy of the comments should be submitted to:

Mike Campbell
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Fax: 415-703-2200
msc@cpuc.ca.

Any comments on the draft Resolution must be received by the Energy Division by June 25, 2003. Those submitting comments must serve a copy of their comments on 1) the entire service list attached to the draft Resolution, 2) all Commissioners, and 3) the Director of the Energy Division, on the same date that the comments are submitted to the Energy Division.

Comments shall be limited to five pages in length plus a subject index listing the recommended changes to the draft Resolution, a table of authorities and an appendix setting forth the proposed findings and ordering paragraphs.

Comments shall focus on factual, legal, or technical errors in the draft Resolution. Comments that merely reargue positions taken in the advice letter or protests will be accorded no weight and are not to be submitted.

Parties may submit replies to comments on the draft Resolution on June 30, 2003 (i.e., to be received by the Energy Division on that date). Reply comments shall be limited to identifying misrepresentations of law or fact contained in the comments of other parties. Replies shall not exceed

five pages in length, and shall be served as set forth
above for comments

Late submitted comments or replies will not be
considered.

Don Lafrenz
Energy Division

Enclosure: certificate of service, draft resolution E-3836, and service list for draft
resolution E-3836.

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of Draft Resolution E-
3836 on all parties in these filings or their attorneys as shown on the attached list.

Dated June 10, 2003 at San Francisco, California.

Jerry Royer

NOTICE

Parties should notify the Energy Division, Public Utilities
Commission, 505 Van Ness Avenue, Room 4002
San Francisco, CA 94102, of any change of address to
insure that they continue to receive documents. You
must indicate the Resolution number on the service list
on which your name appears.

Service List

Gene Williams
Sierra Pacific Power Company
6100 Neil Road
P.O. Box 10100
Reno, Nevada 89520-0024

Danilo Sanchez
CPUC, Office of Ratepayer Advocates
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102